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STATE FOR NEA/ARP, EEB/CBA
COMMERCE FOR ITA THOFFMAN

E.O. 12958: N/A
TAGS: [ECON](#) [EINV](#) [MU](#)
SUBJECT: DOW'S OMAN PROJECT IN DOUBT

REF: MUSCAT 802

11. (U) This message contains sensitive business information.
Please handle accordingly.

12. (SBU) On December 27, the Ambassador met with Oman Oil Company Chairman Maqbool bin Ali Sultan to discuss the status of the company's proposed joint venture with Dow Chemicals on the construction of a polyethylene plant in Sohar. Maqbool expressed doubt that the project would move forward, citing that the capital costs for constructing the plant had now doubled to \$8.2 billion. He also highlighted Dow's proposed joint venture with Saudi Aramco on the construction of a petrochemicals plant in Ras Tanura in Saudi Arabia and Dow's proposed joint venture with Kuwait Petroleum Company in forming a new petrochemicals company from several Dow businesses as contributing factors to the demise of the Oman project.

13. (SBU) Even with the apparent shelving of the Dow project, Maqbool remarked that the shortage of natural gas remained a complicating factor in promoting Oman's industrial development. For this reason, he noted that his company had stopped promoting any project that had to do with the consumption of natural gas, though he remained hopeful that the government's recent concession agreements with BP and BG would eventually result in additional sources of gas. The Chairman, who also serves as the Minister of Commerce and Industry, added that the government remained in discussions with Qatar and Iran on importing gas to the Sultanate.
GRAPPO